



TO: WE Charity Co-founders and Executive Director

FROM: Ellis de Bruijn, Managing Director, Compol Associates Ltd.

SUBJECT: Independent summary of investigation process and findings into the conduct of Mr. Peter Ruhiu; Free The Children Kenya's former Country Director.

DATE: November 28th, 2019

In late 2017, WE Charity retained Compol Associates Ltd. (Compol) to assist in investigating suspected misconduct and fraudulent activities by Mr. Peter Ruhiu, Free The Children Kenya's former Country Director. Compol worked directly with WE Charity's Executive Director and Co-Founder in conducting a thorough investigation of the matter.

Given Compol's extensive expertise in assisting leading foreign entities, multinationals, governments and NGOs in carrying out sensitive investigations into fraud, theft, collusion, misuse of power and corruption, Compol was well-placed to work with and advise WE Charity on this matter. Compol's investigations were supported by local investigators (with a Law Enforcement background or a Private Investigators license), forensic experts (accountants, auditors and IT specialists) and legal advisors.

As a result of the collective effort of Compol, WE Charity's senior leadership (including its Board of Directors), WE Charity staff, and external experts, all temporarily misappropriated funds were fully recovered. In addition, Mr. Ruhiu fully admitted to his malfeasance and resigned from his position with the charity.

Detailed audits confirmed that despite the temporary misuse of funds, there were no physical impacts or undue delays related to the projects Mr. Ruhiu was responsible for overseeing. All projects formerly under his purview were inspected by certified engineers to verify they were sound and constructed in accordance with all relevant codes and requirements.

The attached report outlines in detail Compol's full assessment of the matter, including analysis of: the political context and security environment in the region, the investigative process, the findings of our investigation on the ground in Kenya, and the actions taken by WE Charity in response to our findings and advice.

Summary of Key Findings:

- Incidents of fraud, theft, and corruption are known risk factors for foreign entities, multinationals, and international NGO's operating in Kenya and Mr. Ruhiu's actions were, unfortunately, not uncommon in segments of the local business and political environment.
- WE Charity has strong, pro-active governance systems and oversight mechanisms in place that successfully alerted the organization to irregularities in certain aspects of Free The Children's Kenya operations.
- The identification of these irregularities triggered a formal investigation by WE Charity, which uncovered indisputable evidence of fraud and other inappropriate actions and behaviors by Mr. Ruhiu.

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- WE Charity and its Senior Management team managed the formal investigation professionally and in accordance with best practices for responding to suspected fraudulent activity within a professional organization.
- Specifically, once the financial irregularities were detected, WE Charity:
 - Alerted its Board of Directors, which then struck a special committee to lead the investigation on behalf of the charity;
 - Sought advice from external experts in fraud investigation, which led to the hiring of specialists to assist with the investigative process. These included experts from the fields of intelligence gathering, accounting and finance, security, forensic auditing, IT, and construction engineering.
- Early on in the investigation of the financial irregularities, it became clear that there were also serious personal conduct and behavioral concerns related to Mr. Ruhiu. As a result, WE Charity made the safety and security of Mr. Ruhiu's Canadian wife (now ex-wife) and children the top priority.
- WE Charity worked diligently with Canada High Commission in Kenya to facilitate the safe and secure passage of Mr. Ruhiu's wife and children back to Canada.
- Given the need to prioritize the family's safety, the overall timeline of the investigation process was driven by that same outcome. WE Charity was committed to ensuring the safety of the family and Free The Children's staff members, above all else.
- Ultimately, Mr. Ruhiu acknowledged his inappropriate and fraudulent actions, signed a sworn affidavit confirming this fact, and returned the misappropriated funds.
- Free The Children Kenya and its work were not significantly impacted by the actions of Mr. Ruhiu. By the nature of the structure that was put in place, projects were delivered on time and programs were being run. The overall effectiveness of FTC was likely impacted but the projects have and continue to transform the county of Narok.

Conclusion

The goals of fraud investigations are generally consistent from one investigation to another, and typically seek to achieve the following results:

- Verify whether fraud took place or not;
- Identify those culpable;
- Assess the impacts of the fraud;
- Recover misappropriated funds and assets;
- Ensure the safety and security of employees and their families;
- Identify any systemic shortcomings that may have enabled the fraud to occur and/or prevented it from being uncovered earlier;
- Improve oversight policies and procedures to prevent further instances of fraud from occurring, and,
- Remove culpable parties from the organization.
- Help facilitate criminal prosecution

Viewed through this lens, it is Compol's professional opinion that WE Charity achieved every one of these goals as a result of its investigation.



Securing an admission of guilt and a full return of misappropriated funds is a rare occurrence in fraud cases, particularly in the region. This outcome was achieved due to the WE Charity's strong oversight and governance systems, its engaging of external experts and adherence to their advice, and the diligence and professionalism of WE Charity's senior leadership.

In Compol's professional opinion, the charity's leadership (including that of the Board of Directors) demonstrated courage in choosing to investigate this matter so thoroughly while working at every step to ensure the safety and security of its staff and all other individuals involved in the matter. Too often companies and NGO's simply accept fraud and theft as a "cost of doing business" in Africa, and move on. The charity's persistence was particularly notable given the inherent political and complexities and sensitivities present in Kenya.

Compol was pleased to assist WE Charity in conducting this investigation. It is notable that all funds were fully recovered, there were no impacts on Free The Children's programs or projects and most importantly, Mr. Ruhiu's children and his former wife are now safely established in Canada.

To ensure the future safety and security of those who assisted with the investigation, Compol continues to strongly recommend that certain elements of the investigation (names of internal informants, specific dollar amounts, financial details and transaction methods) not be publicly disclosed. In addition to preserving the safety of all parties involved, the continued confidentiality of these details will help to minimize the likelihood of additional attempts to defraud Free The Children Kenya or other NGOs working in the region. This advice is also consistent with the requests from Kenyan judicial authorities, as there is an active criminal case against Mr. Ruhiu.



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